Canara HSBC OBC Life Insurance aims at 30% growth

Anuj Mathur, CEO, Canara HSBC OBC Life Insurance, is optimistic about the growth indicators of his company and the overall industry in 2015-16:

Canara HSBC OBC Life Insurance Co has taken various strategic initiatives during the year to be on the growth path. Its total new business in 2014-15 was Rs475 crore. It has increased the sales capacity across its bank partners' distribution network. To support them, it has also increased its support structure so as to enable a higher efficiency across the vast distribution of 8000 branches that the partner banks offer.

Says Anuj Mathur, CEO: "We have aligned our distribution strategy to focus on the high potential branches. Through the year, we have been focusing on these branches to improve our activation and productivity. The branch network of our 3 banks offers a huge potential and it is critical that we tap the customer base so as to offer insurance solutions to our customers."

The company has started building a foundation for expanding its footprint in the digital space. It is aligning its systems, thinking process, product suite to cater to this important segment and market. The company is also preparing to capitalize on this second wave of growth which this market will offer. It is looking at growing at least 30% in 2015-16.

Mathur says: "Canara Bank is the highest contributor in FY 15-16 till December 2015 among the three partners. Geographical distribution of the company's business is: north & south India 30% to 35%, west 20% and east 15%."

NEW PRODUCTS

The company has launched 7 new products in FY2015-16. These new products cater to various customer needs including investment, wealth creation, lifetime retirement income, endowment, immediate annuity and unit linked. Says Mathur: "The new products launched had a good response among the three banks, with almost 40% of our new business premiums coming from the new products launched since April 2015. We do have a few products in the pipeline which are filed with the regulator and are awaiting approval. They would be launched over the next 3-4 months." The new set of products aim towards a sharper customer proposition to address key needs like retirement accumulation, children's education and marriage for risk averse customers, pure protection and guaranteed savings to plan for life's milestones.

CHALLENGES, OPPORTUNITIES

The Indian life insurance industry is robust and continues to present a very large opportunity as the insurance penetration is merely 4%. Increasing awareness and customizing solutions for the needs are what the industry will have to work for, says Mathur.

Bancassurance will play a big part in this growth story. With more than 1 lakh bank branches spread across all markets, the network offers a huge scope to increase penetration. Mathur says that is what the company is aiming for. Sales and service across this vast distribution if managed well will ensure an increase in insurance penetration.

The challenge for any insurer will always be to listen to the customer. What is required is an 'engaged consumer'. Mathur maintains that this will have to be done through a consistent and regular communication with the customers. Customer centricity and service is a must.

Another big challenge is attracting committed and quality talent to the industry. This is the cornerstone of any financial services industry. That it is important that the quality of resources that the industry is able to attract and retain is top notch.

RURAL INDIA

The company has issued upwards of 5000 policies in the rural market. Mathur says the challenge in tapping this market is always two folds - right product offering and subsequently the service model. It has increased its sales support across these set of branches so that the solution offered could increase. As an overall approach, there is a large untapped market (customer base) waiting to be tapped. He explains: "Our banks offer the distribution and over the past year we have been trying to increase penetration in this critical market. We are in the process of launching new traditional products in the coming months, which would strengthen the product offering for the customers of these markets. We have to get the balance right and we are taking the steps in this direction to explore this."

RAISING CAPITAL

The company has started generating profits and is self-sufficient to fund the expenses of running the business. The overall regulatory scenario is very positive. Says Mathur: "We are not projecting any capital requirement in the near future and are confident of meeting our requirement through the current cash flows. Having said so, we have the support of our shareholders and they are fully committed in case of any requirement in future."

TECHNOLOGY

Through strengthening of technology and system integration, the company is making its service model robust. With 8000 bank branches, it is absolutely critical that it works on system integration with its partner banks. The customers' end to end needs from product offering to the service should be fulfilled at the bank branch and that has been the focus of its technology team.

Mathur shares some details: "Some of the initiatives that are in the process of being introduced include tablet based sales model using technology to transfer the proposal form, automatic rule based underwriting to improve operations productivity and transition to cloud based infrastructure & application for some of its systems. The digital market will have a significant contribution to our company's revenue line in the future. Technology, product suite, increased visibility on the web world, social media presence and the associated support system has been spruced up to suit the market and the target segment. This year will see a heightened presence & activity of our company as we target up to 10% of our revenue in the short term from this channel."

MARKETING

While the digital is evolving, Mathur still believes in the conventional methods.

Anuj Mathur is of the view that bancassurance has a huge scope in India for increasing insurance penetration

"Print and outdoor are the ones which talks to the majority of Indian population. Last year we created campaigns on two important customer centric propositions 'child' & 'retirement'. The campaigns were carried out in 8 languages spread over 33 cities in January 2015."

The company also has its own initiative wherein it runs 1000+ OOH screens out of select Canara Bank and OBC Bank branches. This has helped it to create an instant connect with the customers.

LAPSED POLICIES

Even though the company exercises great caution while selling the policies, there are instances where the customers are not able to pay on time. The policies hence lapse. "Our current lapse ratio is under 20% and the primary reason why customers do not pay are because of their financial position (at that point in time). Apart from this, there are some challenges which are experienced on contactability in rural and semi urban markets which we have to deal with," says Mathur.

The initiatives it has taken to prevent lapses include increase in reach of payments and convenience facilities for customers, multilingual communications especially for semi urban and rural sectors, diversified traditional products being introduced, ensuring a robust on-boarding of the customer at the policy inception stage, proactive and reactive customer engagement programs, personalized communications to customers enumerating benefits of continuing the policy and predictive surrender retention model.

TARGETS

Canara HSBC OBC Life Insurance is a blue blood bancassurance company and over the past 8 years it has developed sufficient expertise in this space. It has a cumulative customer base of 60 million. Mathur believes that the company has not yet scratched the surface as its current penetration levels are less than 1% of the customer base hence there is so much more that it can do. He says that there are aggressive plans to reach out to these customers.

The e-commerce opportunity is waiting to be tapped and life insurance cannot be left behind. The channel is cost effective, addresses a specific segment which prefers to deal in a non physical manner and has a huge potential. Mathur says: "We have initiated measures to tap this market aggressively and look forward to the opportunity presented. While at present we have our product suite which caters to all relevant customer segments we are exploring the possibility of designing customized products to HNIs, health and NRIs."

BUDGET EXPECTATIONS

Mathur says he expects the government to provide stimulus to the insurance industry by providing fiscal incentives to the sector. "We expect the government to create a separate limit of ₹1.50 lakh for insurance premiums. We also expect the government to make annuities tax free, as in the current framework even the customer's own contribution is taxed. We would like the government to waive off the stamp duty applicable on pure risk business, considering that this move will benefit masses," says he.

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